



**LG&E Energy LLC**  
220 West Main Street (40202)  
P.O. Box 32030  
Louisville, Kentucky 40232

February 14, 2006

**RECEIVED**

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**PUBLIC SERVICE  
COMMISSION**

Elizabeth O' Donnell, Executive Director  
Public Service Commission of Kentucky  
211 Sower Boulevard  
Post Office Box 615  
Frankfort, Kentucky 40602-0615

Dear Ms. O'Donnell:

Pursuant to the Commission's Order dated June 30, 2004, in Case No. 2003-00434, Kentucky Utilities Company ("KU") filed an experimental electric tariff P.S.C. No. 62 for the Small Time of Day Service ("STOD"). That electric tariff provides for the calculation of a monthly charge per KWH to recover programming costs associated with modifying the customer billing system, not to exceed \$29,050 per year, plus any lost revenues associated with STOD. This monthly charge is to be applied to customers taking service under the Large Power Service ("LP") for KU.

Attached is Exhibit 1 which presents the calculation of the factor to be applied during the period of March 2006 through October 2006. The eight month application period is used to allow for the months remaining in the second program year. As noted in KU's filing of the first year factor by my letter dated October 22, 2004, a balancing adjustment is being made for the difference in the programming costs to be recovered in the first year and the actual recovery for the first year. A similar balancing adjustment will be made in the third year factor to reflect any differences for the second year's recovery. This balancing adjustment is being made such that KU neither overcharges nor under collects the STOD program costs.

Attached as Exhibit 2 is a calculation of the loss revenue in support of Exhibit 1.

KU will begin applying the recovery factor of \$0.00007 per KWH effective with the first billing cycle of the March 2006. Please contact me at (502) 627-3324 or Don Harris at (502) 627-2021 if you have any questions about this information.

Sincerely,

Robert Conroy  
Manager, Rates

### Program Cost Recovery Factor Calculation

	KU
(1) Program Cost Recovery (2nd Program Year)	\$29,050
(2) Lost Revenue (1st Program Year) (See Exhibit 2)	\$279,657
<i>Balancing Adjustment:</i>	
Program Cost Recovery (1st Program Year)	\$29,050
<b>Less:</b> Actual Recovery (1st Program Year)	\$58,523
(3) Total Balancing Adjustment	(\$29,473)
(4) Total Program Cost Recovery (2nd Program Year) [(1)+(2)+(3)]	\$279,234
(5) LPKWH - Projected Mar '06 thru Oct '06	4,294,511,960
<b>PCRF (dollars per KWH) [(4)/(5)]</b>	<b>0.00007</b>

## Kentucky Utilities Company

EXHIBIT 2

	Nov '04	Dec '04	Jan '05	Feb '05	Mar '05	Apr '05	May '05	Jun '05	Jul '05	Aug '05	Sep '05	Oct '05
Fuel Adjustment Clause	\$0.00316	\$0.00307	\$0.00211	\$0.00279	\$0.00320	\$0.00352	\$0.00267	\$0.00512	\$0.00118	\$0.00918	\$0.00671	\$0.00760
Demand Side Management	\$0.00003	\$0.00003	\$0.00003	\$0.00003	\$0.00003	\$0.00004	\$0.00004	\$0.00004	\$0.00004	\$0.00004	\$0.00004	\$0.00004
Environmental Surcharge	2.880%	2.850%	3.050%	6.030%	1.920%	1.900%	2.850%	3.150%	2.010%	3.420%	2.860%	1.140%
Merger Surcredit	2.576%	2.576%	2.576%	2.576%	2.576%	2.576%	2.576%	2.576%	2.503%	2.246%	2.246%	2.246%
Earning Sharing Mechanism	2.330%	2.330%	2.330%	2.330%	2.330%	0.000%	-3.185%	0.000%	0.000%	0.000%	0.000%	0.000%
Value Delivery Surcredit	0.380%	0.380%	0.450%	0.410%	0.410%	0.410%	0.410%	0.410%	0.410%	0.410%	0.410%	0.410%
<b>Billing Determinants</b>												
Customers	48	48	48	48	48	48	48	48	47	49	49	49
Demand-Secondary	25,840.6	23,984.6	23,470.8	22,789.6	22,141.1	24,010.6	25,818.2	28,094.4	28,751.6	30,434.1	31,221.5	29,275.6
Demand-Primary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Energy												
On-Peak	5,750,212	6,076,536	6,052,396	5,339,544	5,413,444	5,771,400	5,636,176	6,079,124	5,901,776	5,707,932	6,023,504	5,927,916
Off-Peak	7,282,164	7,791,500	7,628,216	6,891,328	7,060,444	7,323,168	6,941,944	8,881,740	10,629,672	10,262,716	10,889,580	9,327,552
<b>Small Time-of-Day Rate</b>												
Rate												
Customer	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00
Demand - Secondary												
Winter	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65
Summer	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65
- Primary												
Winter	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26
Summer	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26
Energy												
On-Peak	\$0.02800	\$0.02800	\$0.02800	\$0.02800	\$0.02800	\$0.02800	\$0.02800	\$0.02800	\$0.03116	\$0.03116	\$0.03116	\$0.03116
Off-Peak	\$0.01500	\$0.01500	\$0.01500	\$0.01500	\$0.01500	\$0.01500	\$0.01500	\$0.01500	\$0.01816	\$0.01816	\$0.01816	\$0.01816
<b>Billing</b>												
Customer	\$4,320.00	\$4,320.00	\$4,320.00	\$4,320.00	\$4,320.00	\$4,320.00	\$4,320.00	\$4,320.00	\$4,230.00	\$4,410.00	\$4,410.00	\$4,410.00
Demand	\$171,839.99	\$159,497.59	\$156,080.82	\$151,550.84	\$147,238.32	\$159,670.49	\$171,691.03	\$186,827.76	\$191,198.14	\$202,386.77	\$207,622.98	\$194,682.74
Energy	\$270,238.40	\$287,015.51	\$283,890.33	\$252,877.15	\$257,483.09	\$271,446.72	\$261,942.09	\$303,441.57	\$376,934.18	\$364,230.08	\$385,447.15	\$354,102.20
Fuel Clause	\$41,182.31	\$42,574.87	\$28,866.09	\$34,124.13	\$39,916.44	\$46,092.88	\$33,583.58	\$76,599.62	\$19,507.11	\$146,610.55	\$113,486.79	\$115,941.56
Demand-Side Management	\$390.97	\$416.04	\$410.42	\$366.93	\$374.22	\$523.78	\$503.12	\$598.43	\$661.26	\$638.83	\$676.52	\$610.22
Environmental Surcharge	\$14,053.58	\$14,073.98	\$14,443.81	\$26,727.31	\$8,627.18	\$9,159.02	\$13,453.13	\$18,011.30	\$11,909.87	\$24,565.05	\$20,353.00	\$7,635.11
Merger Surcredit	(\$12,932.17)	(\$13,083.45)	(\$12,571.18)	(\$12,106.33)	(\$11,797.03)	(\$12,506.34)	(\$12,506.30)	(\$15,193.21)	(\$15,129.15)	(\$16,684.22)	(\$16,440.64)	(\$15,214.00)
Earning Sharing	\$11,395.87	\$11,529.18	\$11,077.76	\$10,668.14	\$10,395.58	\$0.00	(\$15,064.62)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Value Delivery	(\$1,901.86)	(\$1,924.11)	(\$2,189.33)	(\$1,920.97)	(\$1,871.89)	(\$1,962.09)	(\$1,877.48)	(\$2,355.88)	(\$2,416.18)	(\$2,977.24)	(\$2,933.78)	(\$2,714.89)
<b>Total Regenerated Billing</b>	<b>\$498,587.09</b>	<b>\$504,419.61</b>	<b>\$484,328.72</b>	<b>\$466,607.20</b>	<b>\$454,685.91</b>	<b>\$476,597.16</b>	<b>\$456,044.55</b>	<b>\$572,249.59</b>	<b>\$586,895.23</b>	<b>\$723,179.82</b>	<b>\$712,622.02</b>	<b>\$659,452.94</b>
Actual Billing	\$494,566.30	\$504,419.65	484,329	466,612	454,675	476,597	456,045	572,250	535,153	772,950	712,622	659,453
Ratio of Actual to Regenerated	0.99194	1.00000	1.00000	1.00001	0.99998	1.00000	1.00000	1.00000	0.91184	1.06882	1.00000	1.00000
<b>Large Power Rate</b>												
Rate												
Customer	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00
Demand - Secondary												
Winter	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65
Summer	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65	\$6.65
- Primary												
Winter	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26
Summer	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26	\$6.26
Energy	\$0.02200	\$0.02200	\$0.02200	\$0.02200	\$0.02200	\$0.02200	\$0.02200	\$0.02200	\$0.02516	\$0.02516	\$0.02516	\$0.02516
<b>Billing</b>												
Customer	\$3,600.00	\$3,600.00	\$3,600.00	\$3,600.00	\$3,600.00	\$3,600.00	\$3,600.00	\$3,600.00	\$3,525.00	\$3,675.00	\$3,675.00	\$3,675.00
Demand	\$171,839.99	\$159,497.59	\$156,080.82	\$151,550.84	\$147,238.32	\$159,670.49	\$171,691.03	\$186,827.76	\$191,198.14	\$202,386.77	\$207,622.98	\$194,682.74
Energy	\$286,712.27	\$305,096.79	\$300,973.46	\$269,079.18	\$274,425.54	\$288,080.50	\$276,718.64	\$329,139.01	\$415,931.23	\$401,821.50	\$425,533.19	\$383,827.57
Fuel Clause	\$41,182.31	\$42,574.87	\$28,866.09	\$34,124.13	\$39,916.44	\$46,092.88	\$33,583.58	\$76,599.62	\$19,507.11	\$146,610.55	\$113,486.79	\$115,941.56
Demand-Side Management	\$390.97	\$416.04	\$410.42	\$366.93	\$374.22	\$523.78	\$503.12	\$598.43	\$661.26	\$638.83	\$676.52	\$610.22
Environmental Surcharge	\$14,507.30	\$14,568.78	\$14,942.89	\$27,660.88	\$8,938.65	\$9,461.39	\$13,853.75	\$18,798.09	\$12,679.54	\$25,825.54	\$21,478.44	\$7,965.60
Merger Surcredit	(\$13,349.68)	(\$13,543.42)	(\$13,005.55)	(\$12,529.20)	(\$12,222.94)	(\$13,071.37)	(\$12,878.72)	(\$15,856.90)	(\$16,106.86)	(\$17,540.32)	(\$17,349.74)	(\$15,872.54)
Earning Sharing	\$11,763.78	\$11,934.51	\$11,460.53	\$11,040.77	\$10,770.90	\$0.00	(\$15,513.22)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Value Delivery	(\$1,963.26)	(\$1,991.75)	(\$2,264.98)	(\$1,988.06)	(\$1,939.47)	(\$2,026.87)	(\$1,933.39)	(\$2,458.79)	(\$2,572.32)	(\$3,130.01)	(\$3,096.01)	(\$2,832.40)
<b>Total Regenerated Billing</b>	<b>\$514,683.68</b>	<b>\$522,153.41</b>	<b>\$501,063.68</b>	<b>\$482,905.47</b>	<b>\$471,101.66</b>	<b>\$492,330.80</b>	<b>\$469,624.79</b>	<b>\$597,247.22</b>	<b>\$624,823.10</b>	<b>\$760,287.86</b>	<b>\$752,027.17</b>	<b>\$687,997.75</b>
Adjusted for Ratio to Actual	\$510,533.08	\$522,153.45	\$501,063.72	\$482,910.46	\$471,090.59	\$492,330.85	\$469,624.83	\$597,247.45	\$624,823.10	\$760,287.86	\$752,027.17	\$687,997.93
Lost Revenue by Month	(\$15,966.78)	(\$17,733.80)	(\$16,734.96)	(\$16,298.44)	(\$16,415.36)	(\$15,733.64)	(\$13,580.24)	(\$24,997.64)	(\$34,584.04)	(\$39,661.86)	(\$39,405.15)	(\$28,544.82)
Cumulative Lost Revenue	(\$15,966.78)	(\$33,700.58)	(\$50,435.54)	(\$66,733.98)	(\$83,149.35)	(\$98,882.99)	(\$112,463.23)	(\$137,460.87)	(\$172,044.91)	(\$211,706.77)	(\$251,111.92)	(\$279,656.74)